

# MINNESOTA • REVENUE

## PROPERTY TAX City Aid Base Increase

April 3, 2006

	Yes	No
DOR Administrative Costs/Savings		X

Department of Revenue  
Analysis of H.F. 2679 (Sieben) / S.F. 3062 (Marko)

	<b>Fund Impact</b>			
	<b><u>F.Y. 2006</u></b>	<b><u>F.Y. 2007</u></b>	<b><u>F.Y. 2008</u></b>	<b><u>F.Y. 2009</u></b>
General Fund	\$0	\$0	\$0	\$0

(000's)

Effective beginning with aids payable in 2007.

### EXPLANATION OF THE BILL

For the purpose of calculating local government aid, the bill would increase the city aid base by \$50,000 in calendar years 2007 to 2016 for a city, provided that:

- the city's 1999 population was between 3,000 and 4,000;
- the city is located in the seven-county metropolitan area;
- the city's pre-1940 housing percentage is less than 15%; and
- the city net tax capacity per capita for taxes payable in 2000 was less than \$900.

The maximum aid the city may receive is also increased by \$50,000 in CY 2007 only.

### REVENUE ANALYSIS DETAIL

- There is no state cost associated with this change in the aid base because total aid is set to a fixed appropriation level.
- The only city eligible for this aid base increase is the city of Newport.
- The increase in aid base would shift aid to the city of Newport and away from other cities receiving local government aid.

**Number of Taxpayers:** 853 cities eligible to receive local government aid.

Source: Minnesota Department of Revenue  
Tax Research Division  
[http://www.taxes.state.mn.us/taxes/legal\\_policy](http://www.taxes.state.mn.us/taxes/legal_policy)

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